



GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

July 8, 2014

CERTIFIED RETURN RECEIPT  
7011 2970 0001 8828 9999

Sherman C. Young  
226 W. 2230 N.  
Provo, Utah 84604

Subject: Evaluation of Reclamation Sureties, Delinquent Permit Fee Notices and Operational Status Requests; Chief Consolidated Mining Company; Lime Peak Quarry and Tintic Operations; M/049/0047 and M/49/0062; Utah County, Utah

Dear Mr. Young:

The Division of Oil, Gas and Mining (Division) is contacting you because you are the listed resident agent representing Chief Consolidated Mining Company (Chief) on the database for the Utah Division of Corporations. According to the Division's records, the two large mine operations listed above have not paid permit fees for 2014. The statement sent to Chief on January 20, 2014, was returned by the Postal Service.

Mining operations require a financial surety, typically in the form of cash, a letter of credit, a certificate of deposit, or a surety bond. In the event that the operator cannot complete the necessary reclamation of the mine, the Division has the finances to complete the reclamation.

The last reclamation cost estimates were completed in 2005 and 2006 for the Lime Peak and Tintic Operations mines, respectively, and were escalated to 2010 and 2011 dollars, so the reclamation surety amounts are now overdue for adjustment. The Division has adjusted the amounts for the reclamation sureties based on actual escalation (or de-escalation) rates and has projected the amounts five years into the future at an annual rate of 1.9 percent. The table below lists the outstanding permit fees owed and the calculated reclamation costs calculated to 2019 dollars.



Page 2 of 2  
Sherman C. Young  
M/049/0047 and M/049/0062  
July 8, 2014

<i>Mine Name</i>	<i>2014 Permit Fee</i>	<i>Surety Type</i>	<i>Current Surety Amount</i>	<i>Required Surety Amount</i>	<i>Additional Bond Funds Required</i>
Lime Peak Quarry	\$500	Cash	\$106,800	\$115,600	\$8,800
Tintic Operations	\$1,000	Cash	\$488,309	\$520,400	\$32,091

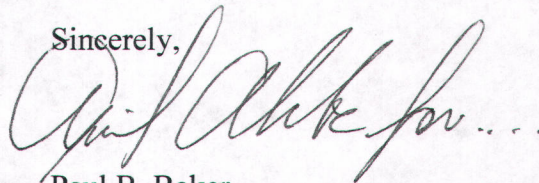
**Please remit the overdue permit fees no later than August 1, 2014. The additional surety amounts need to be received by September 2, 2014. Failure to do so may result in enforcement action which could include fines, withdrawal of the Notices of Intention, and an order to reclaim immediately.**

Please contact Penny Berry at 801-538-5291 or by e mail at [pennyberry@utah.gov](mailto:pennyberry@utah.gov) for information about submitting the increased sureties.

Please provide information about mining activities at these two sites. The Division has received limited annual reports. Division records indicate the last mining activity at the Lime Peak Quarry was in 2007, and mining ceased at the Tintic Operations in 2002. Rule R647-4-117.3 requires that the operator give the Division prompt written notice of a termination or suspension of large mining operations expected to exceed five years. The Division will need to conduct an inspection of the property and may require reclamation after five years of continued suspension.

Thank you for your cooperation. Please call April Abate at 801-538-5214 or me at 801-538-5261 if you have questions about this letter.

Sincerely,



Paul B. Baker  
Mining Program Manager

PBB:aa:pb

cc: Peggy Kelsey, Utah County, [peggyk@utahcounty.gov](mailto:peggyk@utahcounty.gov)  
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JON M. HUNTSMAN JR.  
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# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

CHIEF CONSOLIDATED MINING CO  
999 W HASTINGS STREET STE 890  
VANCOUVER BC CANADA V6C 2W2

ATTENTION: GORDON BLANKSTEIN

## DELINQUENCY NOTICE

Annual Permit Fees for **2014**

SITE NAME	PERMIT ID	ACRES	BILLING DATE
LIME PEAK QUARRY	M490047	25	01/20/2014
PERMIT TYPE	PROJECT STATUS	ANNUAL FEE	
LARGE MINING OPERATION < 50 ACRES	ACTIVE	\$ 500	

DUE DATE	AMOUNT DUE
06/30/2014	\$ 500

Please retain this portion for your records. For billing Information call (801) 538-5291

This portion **MUST** be returned with your payment to ensure proper credit. **THANK YOU**

ACCOUNT BILLED	SITE NAME	PERMIT ID
CHIEF CONSOLIDATED MINING CO	LIME PEAK QUARRY	M490047

DUE DATE	ANNUAL FEE	AMOUNT DUE
06/30/2014	\$ 500	\$ 500

<input type="checkbox"/> FEE ENCLOSED	<input type="checkbox"/> FEE NOT ENCLOSED*
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\*Failure to pay fees required by the R647 Mineral Rules will result in Withdrawal of the approved Notice of Intention. Non mining/exploration activities can occur on the site after the Fee Due Date until the annual permit fees are paid.

If reclamation is complete, the fee may not be required, but a request to inspect and close out the site must be submitted to the Division on form MR-SITE.

Forms and other permit-related information are available on the Web at <http://ogm.utah.gov/minerals> or you can call (801) 538-5291 for more information.

DIVISION OF OIL GAS AND MINING  
1594 WEST NORTH TEMPLE SUITE 1210  
PO BOX 145801  
SALT LAKE CITY UT 84114-5801

Please make check payable to:  
**Division of Oil, Gas and Mining**





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999 W HASTINGS STREET STE 890  
VANCOUVER BC CANADA V6C 2W2

ATTENTION: THOMAS GAST

## DELINQUENCY NOTICE

Annual Permit Fees for **2014**

<b>SITE NAME</b>	<b>PERMIT ID</b>	<b>ACRES</b>	<b>BILLING DATE</b>
TINTIC OPERATIONS	M490062	206	01/20/2014
<b>PERMIT TYPE</b>	<b>PROJECT STATUS</b>	<b>ANNUAL FEE</b>	
LARGE MINING OPERATION > 50 ACRES	ACTIVE	<b>\$1,000</b>	

<b>DUE DATE</b>	<b>AMOUNT DUE</b>
<b>06/30/2014</b>	<b>\$1,000</b>

*Please retain this portion for your records. For billing information call (801) 538-5291*

***This portion MUST be returned with your payment to ensure proper credit. THANK YOU***

ACCOUNT BILLED	SITE NAME	PERMIT ID
CHIEF CONSOLIDATED MINING CO	TINTIC OPERATIONS	M490062
DUE DATE	ANNUAL FEE	AMOUNT DUE
06/30/2014	\$1,000	\$1,000
<input type="checkbox"/> FEE ENCLOSED <input type="checkbox"/> FEE NOT ENCLOSED*		

\*Failure to pay fees required by the R647 Mineral Rules will result in Withdrawal of the approved Notice of Intention. Non mining/exploration activities can occur on the site after the Fee Due Date until the annual permit fees are paid.

If reclamation is complete, the fee may not be required, but a request to inspect and close out the site must be submitted to the Division on form MR-SITE.

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PO BOX 145801  
SALT LAKE CITY UT 84114-5801

Please make check payable to:  
**Division of Oil, Gas and Mining**



Tintic Operations  
Surety Escalation

M/049/0062

July 2, 2014

Percentage increase/year

Surety amount in <year> dollars

2001	4.21%	1.0421	
2002	2.02%	1.0202	\$0.00
2003	1.71%	1.0171	\$0.00
2004	0.84%	1.0084	\$0.00
2005	3.99%	1.0399	\$0.00
2006	5.44%	1.0544	\$402,559.74
2007	2.12%	1.0212	\$424,458.99
2008	-3.40%	0.966	\$433,457.52
2009	2.90%	1.029	\$418,719.96
2010	1.80%	1.018	\$430,862.84
2011	2.90%	1.029	\$438,618.37
2012	3.40%	1.034	\$451,338.31
2013	1.50%	1.015	\$466,683.81
2014	-1.31%	0.987	\$473,684.07
2019	1.90%	1.019	\$520,426.85
Rounded to nearest \$100			\$520,400.00

Note: The surety amount is listed in the row of the year in which it was calculated.  
The escalation factor for a year is applied to the surety amount to take it to the next year.



Lime Peak Quarry  
Surety Escalation

M/049/0047

July 2, 2014

Percentage increase/year

Surety amount in <year> dollars

2001	4.21%	1.0421	
2002	2.02%	1.0202	\$0.00
2003	1.71%	1.0171	\$0.00
2004	0.84%	1.0084	\$0.00
2005	3.99%	1.0399	\$85,953.00
2006	5.44%	1.0544	\$89,382.52
2007	2.12%	1.0212	\$94,244.93
2008	-3.40%	0.966	\$96,242.93
2009	2.90%	1.029	\$92,970.67
2010	1.80%	1.018	\$95,666.82
2011	2.90%	1.029	\$97,388.82
2012	3.40%	1.034	\$100,213.09
2013	1.50%	1.015	\$103,620.34
2014	-1.31%	0.987	\$105,174.65
2019	1.90%	1.019	\$115,553.20
			\$115,600.00

Rounded to nearest \$100

Note: The surety amount is listed in the row of the year in which it was calculated.  
The escalation factor for a year is applied to the surety amount to take it to the next year.